



Health Services

LOS ANGELES COUNTY

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Deputy Director, Strategic Planning

January 20, 2015

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

REQUEST TO ACCEPT COMPROMISE OFFERS OF SETTLEMENT (ALL DISTRICTS) (3 VOTES)

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

16 January 20, 2015


PATRICK O'QUINN
ACTING EXECUTIVE OFFICER

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www.dhs.lacounty.gov

*To ensure access to high-quality,
patient-centered, cost-effective
healthcare to Los Angeles County
residents through direct services at
DHS facilities and through
collaboration with community and
university partners.*

SUBJECT

To request Board approval for the Director of Health Services (Director) to accept compromise offers of settlement for patients who received medical care at either County facilities and/or at non-County operated facilities under the Trauma Center Service Agreement or Impacted Hospital Program (IHP). The compromise offers of settlement referenced below are not within the Director's authority to accept.

IT IS RECOMMENDED THAT THE BOARD:

Authorize the Director or his designee, to accept the attached compromise offers of settlement, pursuant to Section 1473 of the Health and Safety Code, for the following individual accounts:

Patients who received medical care at County facilities:

(1) Account Number RLANRC – Various \$2,800

Patients who received medical care at non-County facilities:

(2) Account Number EMS – 569 \$1,462

(3) Account Number IHP – 652081 \$38,000

Total All Accounts: \$42,262



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PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Patients who received medical care at a County facility: The compromise offer of settlement for patient account (1) is recommended because the patient is unable to pay the full amount of charges and the compromise offer represents the maximum amount the Department was able to negotiate or was offered under the legal settlement involved in this case.

Patients who received medical care at non-County facilities: The compromise offer of settlement for patient accounts (2) - (3) are recommended because the County has agreements with certain non-County medical facilities under which it pays for emergency or trauma care provided to eligible indigent patients at those facilities. These agreements allow the County, after it has made payment for a particular patient, to pursue recovery from third parties who are financially responsible for such care.

The best interests of the County would be served by approving the acceptance of these compromises, as it will enable the Department of Health Services (DHS) to maximize net revenue on these accounts.

Implementation of Strategic Plan Goals

The recommended action supports Goal 1, Operational Effectiveness/Fiscal Sustainability, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

This will expedite the County's recovery of revenue totaling approximately \$42,262.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Under County Code Chapter Section 2.76.046, the Director has the authority to reduce patient account liabilities by the greater of i) \$15,000, or ii) \$75,000 or 50 percent of the account balance, whichever is less. Any reduction exceeding the Director's authority requires Board approval.

On January 15, 2002, the Board adopted an ordinance granting the Director authority to compromise or reduce patient account liabilities when it is in the best interest of the County to do so.

On November 1, 2005, the Board approved a revised ordinance granting the Director authority to reduce, on an account specific basis, the amount of any liability owed to the County which relates to medical care provided by third parties for which the County is contractually obligated to pay, and related to which the County has subrogation or reimbursement rights. The revised ordinance was adopted by the Board on December 8, 2005.

Typically, recoveries in legal settlements are divided approximately into thirds between plaintiff, plaintiff's attorney, and all medical lien holders, which would include the County's lien. Factors that contribute to each party receiving more or less than one-third of the recovery include the number of medical lien holders, the patient's attorney retainer agreement, and costs accrued by the patient during the legal process.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Maximizing net revenues on patients who received medical care at County facilities will help DHS meet its budgeted revenue amounts. All payments received for the trauma accounts (non-County facilities) will replenish the Los Angeles County Trauma and IHP Funds.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mitchell Katz". The signature is written in a cursive, flowing style.

Mitchell H. Katz, M.D.

Director

MHK:lg

Enclosures

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 1
DATE: JANUARY 20, 2015

Total Gross Charges	\$28,791	Account Number	Various
Amount Paid	\$0	Service Type	Inpatient & Outpatient
Balance Due	\$28,791	Date of Service	Various
Compromise Amount Offered	\$2,800	% Of Charges	10 %
Amount to be Written Off	\$25,991	Facility	RLANRC

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at RLANRC and incurred total inpatient and outpatient gross charges of \$28,791 for medical services rendered. The patient had ATP with no liability and no other coverage was found. The patient's third party liability (TPL) claim settled for \$50,000, the policy limit carried by the party responsible at the time of the accident, and the attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Lawyer's Fees *	\$30,000	\$20,000	40 %
Lawyer's Cost	\$1,476	\$1,476	3 %
RLANRC **	\$28,791	\$2,800	6 %
Other Lien Holders **	\$286,489	\$13,188	26 %
Patient	-	\$12,536	25 %
Total	-	\$50,000	100 %

* Attorney's fee of 40% was agreed upon in the retainer agreement between the patient and his attorney.

** Lien holders are receiving 32% of the settlement (6% to Los Angeles County and 26% to others). This settlement distribution is consistent with the Hospital Lien Act (California Civil Code Section 3045) which indicates that lien holders are entitled to up to 50% of the settlement after deducting attorney's fees and cost.

This patient is covered by ATP and as a condition of the ATP agreement; the County may pursue reimbursement from any responsible third party. Based on the information provided, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to RLANRC. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 2
DATE: JANUARY 20, 2015

Total Charges (Providers)	\$73,439	Account Number	EMS 569
Amount Paid to Provider	\$17,888	Service Type / Date of Service	Inpatient Services 9/10/2011 - 9/12/2011
Compromise Amount Offered	\$1,462	% of Payment Recovered	8%

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at Holy Cross Hospital and incurred total inpatient gross charges of \$73,439 for medical services rendered. The provider has received payment from the Los Angeles County Trauma Fund in the amount of \$17,888. The patient's third-party claim has been settled for \$10,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement (\$10,000)
Attorney fees	\$4,000	\$2,500	25 %
Lawyer cost	\$5,383	\$5,383	54 %
Other Lien Holders *	\$3,755	\$102	1 %
Los Angeles County *	\$73,439	\$1,462	14 %
Patient		\$553	6 %
Total		\$10,000	100%

* Lien holders are receiving 15% of the settlement (14% to Los Angeles County and 1% to others). This settlement distribution is consistent with the Hospital Lien Act (California Civil Code Section 3045) which indicates that lien holders are entitled to up to 50% of the settlement after deducting attorney's fees and cost.

As stated in the Trauma Center Service Agreement, reimbursement to providers is for the hospital component of trauma services provided to eligible indigent patients.

Proposed settlement reimburses the Trauma Fund 8% (\$1,462) of amount paid to Holy Cross Hospital.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 3
DATE: JANUARY 20, 2015

Total Charges (Providers)	\$98,295	Account Number	652081 (Impacted Hospital Program)
Amount Paid to Provider	\$11,700	Service Type / Date of Service	Inpatient 05/02/2013 - 05/08/2013
Compromise Amount Offered	\$38,000	% of Payment Recovered	325 %

JUSTIFICATION

This patient was involved in a personal injury accident. As a result of this accident, the patient was treated at St. Francis Medical Center and incurred total gross charges of \$98,295 for medical services rendered. The provider has received payment from the Los Angeles County Impacted Hospital Program (IHP) in the amount of \$11,700. The patient's third-party claim has been settled for \$164,700, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Lawyer's fees	\$54,895	\$54,895	33 %
Los Angeles County *	\$98,295	\$38,000	23 %
Other lien holders *	\$118,851	\$11,880	7 %
Patient **	-	\$59,925	37 %
Total	-	\$164,700	100 %

* Lien holders are receiving 30% of the settlement (23% to Los Angeles County and 7% to others).

** Settlement distribution will allow patient, who is physically disabled, to pay for on-going medical care.

As stated in the IHP agreement, reimbursement to providers is for Emergency Room (ER) and Inpatient Services provided to eligible indigent patients.

Proposed settlement reimburses the IHP fund 325% (\$38,000) of amount paid to St. Francis Medical Center (\$11,700).